

SERVICES INDUSTRIES DEVELOPMENT ACT

MARCH 22 (legislative day, FEBRUARY 22), 1982.—Ordered to be printed

Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 1233]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1233) to establish a program in the Department of Commerce to promote United States service industries, enhance their competitiveness, and for other purposes, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill do pass.

PURPOSE OF BILL

The bill, as reported, would authorize the Secretary of Commerce to establish a service industries development program within the Department of Commerce.

BACKGROUND OF NEEDS

The service sector (industries such as transportation, communications, advertising, construction, design and engineering, finance, insurance, entertainment, tourism, and investment) now comprises approximately two-thirds of our gross national product and accounts for three-fourths of total employment. For 1980, the service sector provided the United States with a \$34 million international trade surplus.

However, despite these impressive facts, our economic planners continue to stress manufacturing over services in their policy considerations. Whether this occurs due to a traditional bias, or because the service sector is healthier than manufacturing, it should not continue. Over the past several years, trade in services has shown a troublesome lack of expansion. If we are to maintain our competitive edge we need to devote more time and resources to the service sector.

The Service Industries Development Act would elevate the status of the sector within the Federal trade and economic planning establishment. This is something we have already waited too long to do, and the Committee is glad to see the recent increase in Congressional attention being paid to services.

*Legislative history*

S. 1233 was introduced on May 20, 1981, by Senators Inouye and Pressler. Hearings were held by the Subcommittee on Business, Trade, and Tourism on October 20 and 21, 1981. The measure was ordered reported by the full Commerce Committee, with amendments, on February 11, 1981.

*Summary of major provisions*

Section 2 of the bill, "Findings," has the effect of providing Congressional recognition of the substance and importance of the service sector.

Section 3, "Purposes," commits the Federal Government, and the Commerce Department in particular, to provide greater assistance to the development and expansion of the service sector. Section 3 also commits the Federal Government to the objective of free world trade and reciprocal rights for U.S. nationals.

Section 5 authorizes the Secretary of Commerce to establish a service industries development program within the Commerce Department. The specifics of this program are to be aimed at providing the types of assistance required to maximize the benefits of the service sector to the American economy.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,  
CONGRESSIONAL BUDGET OFFICE,  
Washington, D.C., March 12, 1982.

Hon. BOB PACKWOOD,  
*Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has reviewed S. 1233, the Service Industries Development Act, as ordered reported by the Senate Committee on Commerce, Science, and Transportation, February 11, 1982.

S. 1233 authorizes the Secretary of Commerce to establish a service industries development program which would provide statistical and policy analysis to assist U.S. service industries in increasing exports.

The Department of Commerce, through the International Trade Administration, performs most of the functions specified in Section 5 of S. 1233. It is possible that one provision, which requires the collection of statistical information on the domestic service industries, could

require additional resources. The bill does not specify the extent of the data collection effort, and thus no precise cost estimate is possible. However, the costs are not expected to be substantial, and are likely to be less than \$1 million per year.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

#### REGULATORY IMPACT STATEMENT

In accordance with paragraph 11 (b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation:

1. No additional businesses or individuals would be subject to regulation.

2. There will be no economic impact on individuals, consumers or businesses.

3. There will be no impact on personal privacy.

4. There may be additional paperwork requirements imposed upon certain federal agencies since the bill gives the Commerce Department the authority to compile certain data currently being collected by other federal agencies. However, no new data collection programs are anticipated.

#### AGENCY COMMENTS

The comments of the Commerce Department, the State Department, and the U.S. Trade Representative have been included in the hearing record. All were supportive of the goals of S. 1233, and no objections were raised to the specifics of the legislation.

#### SECTION-BY-SECTION ANALYSIS

##### *Section 2—Findings*

Seven of ten Americans are employed in the service sector.

U.S. economic policy does not adequately focus on services.

Services, including investments, account for 30 percent of total trade and provided a \$34 million trade surplus in 1980.

Service industries need Federal assistance in maintaining their international competitive advantage.

##### *Section 3—Declaration of purpose*

Governmental analysis of service problems and development of service policies must be improved.

The Department of Commerce shall have lead responsibility within the executive branch for increasing the competitiveness of service industries.

The Federal Government should devote additional resources toward implementation of the act.

The Federal Government should provide free and fair trade in services worldwide.

*Section 4—Definitions*

*Section 5—Establishment of program*

The bill authorizes the Secretary of Commerce to establish a service industries development program to:

Assist U.S. service industries in increasing exports.

Develop and analyze data in service industries and export markets.

Analyze domestic Federal policies affecting service industries and recommend beneficial changes.

Document trade impediments imposed by foreign countries.

Support the U.S. Trade Representative in trade negotiations.

Provide pertinent statistical data on the service sector to state and local governments and industry groups.

*Section 6—Authorization*

S. 1233 provides such sums as may be necessary.

CHANGES IN EXISTING LAW

The bill would make no changes in existing law.